

Message Text

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ACTION ARA-06

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C O N F I D E N T I A L CARACAS 11867

LIMDIS

EO 11652 GDS

TAGS: PFOR EFIN VE

SUBJ: RECYCLING OF VENEZUELAN FUNDS

1. AT BREAKFAST THIS MORNING WITH PRESIDENT PEREZ HE SPOKE WITH GREAT ENTHUSIASM OF THE GOV'S READINESS TO RECYCLE OIL FUNDS FOR THE BENEFIT OF LESS FAVORED COUNTRIES.

2. THE PRESIDENT EXPRESSED SATISFACTION AT THE WORKING OUT OF VENEZUELA'S FUNDING OF COFFEE PRODUCTION IN COLOMBIA AND CENTRAL AMERICA. HE CLAIMED THAT THANKS TO A VENEZUELAN INVESTMENT OF 85 MILLION DOLLARS THE PRICE OF COFFEE HAD GONE UP 10 CENTS A POUND. HE SAID THAT AT THE FORTHCOMING MEETING IN CARACAS OF CHIEFS OF STATE OF THE CENTRAL AMERICAN REPUBLICS SOME WORK WOULD BE DONE IN SETTING UP ADDITIONAL MECHANISMS WHEREBY VENEZUELAN MONEY WOULD BE USED TO ALLEVIATE THE DIFFICULTIES OF THE LESS WEALTHY CENTRAL AMERICAN STATES, PARTICULARLY TO ENABLE THEM TO BUY PETROLEUM.

3. THE PRESIDENT ALSO POINTED OUT THAT VENEZUELA IS INVESTING LARGE AMOUNTS IN THE US AND MENTIONED IN PASSING THE ESTABLISHMENT OF A HALF-BILLION-DOLLAR TRUST FUND WITH THE IDB. HE SAID THIS WAS ANOTHER INSTANCE OF VENEZUELA'S READINESS TO RECYCLE OIL WEALTH. I AM SURE, HOWEVER, HE HAD NO PRECISE
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IDEA OF THE TERMS AND CONDITIONS BEING SOUGHT IN THE ESTABLISHMENT

OF SUCH A TRUST FUND AND IT WOULD UNDOUBTEDLY COME AS A SHARP
SURPRISE IF ANY US ACTION WERE TAKEN WHICH WOULD SEEM IN HIS
EYES TO BE AN ATTEMPT TO BLOCK WHAT HE APPARENTLY SINCERELY
BELIEVES TO BE A PUBLIC-SPIRITED AND GENEROUS MOVE ON THE
PART OF VENEZUELA. IN CONSEQUENCE, SHOULD WE FIND IT NECESSARY
TO EXPRESS DIFFERING VIEWS, WE SHOULD BE CAREFUL TO AVOID
ANY APPEARANCE OF OBSTRUCTION WHICH WOULD BE INTERPRETED BY THE
VENEZUELAN PRESIDENT AS RELATED TO OTHER POLICY
CONSIDERATIONS. THIS IS OF PARTICULAR IMPORTANCE AT A TIME WHEN
BOTH GOVTS SEEM TO BE EDGING TOWARDS THE INITIATION OF A
DIALOGUE COVERING THE ENTIRE RANGE OF OUR RELATIONS.
MCCLINTOCK

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